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中國中車股份有限公司
CRRC CORPORATION LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1766)

2019 THIRD QUARTERLY REPORT

This announcement is made pursuant to Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The 2019 third quarterly report of CRRC Corporation Limited (the “**Company**” or “**CRRC**”, together with its subsidiaries, the “**Group**”) is set out below. The financial report is prepared in accordance with the Accounting Standards for Business Enterprises of the PRC and is unaudited.

By order of the Board
CRRC Corporation Limited
Liu Hualong
Chairman

Beijing, the PRC
30 October 2019

As at the date of this announcement, the executive directors of the Company are Mr. Liu Hualong, Mr. Sun Yongcai and Mr. Xu Zongxiang; the non-executive director is Mr. Liu Zhiyong; and the independent non-executive directors are Mr. Li Guo'an, Mr. Wu Zhuo and Mr. Sun Patrick.

I. IMPORTANT NOTICE

1.1 The board of directors, the supervisory committee and the directors, supervisors and senior management of the Company shall warrant that the information stated in this quarterly report is true, accurate, complete and without any false representation, misleading statement or material omission, and assume several and joint liabilities.

1.2 The details of the director absent from the meeting are as follows:

| Name of absentee director | Position held by absentee director | Reason for absence | Name of proxy |
|--------------------------------------|---|------------------------------|----------------------|
| Sun Yongcai | Executive director and President | Other business engagement | Xu Zongxiang |

The third quarterly report has been considered and approved by the fourteenth meeting of the second session of the board of directors of the Company. There were seven directors eligible for attending the meeting and six directors attended the meeting, Mr. Sun Yongcai, an executive director and the president, did not attend the on-site meeting due to other business engagement and appointed Mr. Xu Zongxiang, an executive director, as proxy to vote on his behalf and to execute documents including resolutions and minutes of the meeting in relation to each resolution proposed at the Board meeting.

1.3 The Chairman of the Company, Liu Hualong, the person in charge of accounting affairs, Li Zheng, and the person responsible for the accounting department (head of the accounting department), Wang Jian, hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

1.4 The third quarterly report of the Company is unaudited.

II. BASIC INFORMATION OF THE COMPANY

2.1 Major Financial Data

| | <i>Unit: RMB'000</i> | | | <i>Currency: RMB</i> |
|--|---|---|--------------------------|---|
| | As at the end of the reporting period | As at the end of last year | | Change as at the end of the reporting period as compared to the end of last year (%) |
| | | After adjustment | Before Adjustment | |
| Total assets | 411,643,536 | 357,523,050 | 357,523,050 | 15.14 |
| Net assets attributable to shareholders of the listed Company | 132,480,558 | 128,457,695 | 128,457,695 | 3.13 |
| | From the beginning of the year to the end of the reporting period (January to September) | From the beginning of last year to the end of the reporting period of last year (January to September) | | Change as compared to the same period of last year (%) |
| | | After adjustment | Before Adjustment | |
| Net cash flow from operating activities | -5,534,844 | -742,290 | -731,088 | – |
| Revenue from operations | 154,519,861 | 135,366,872 | 135,365,775 | 14.15 |
| Net profit attributable to shareholders of the listed Company | 8,412,632 | 7,527,398 | 7,531,756 | 11.76 |
| Net profit after non-recurring profit or loss attributable to shareholders of the listed Company | 7,715,853 | 5,629,268 | 5,633,626 | 37.07 |
| Return on weighted average net assets (%) | 6.41 | 6.10 | 6.11 | Increased by 0.31 percentage points |
| Basic earnings per share (RMB/share) | 0.29 | 0.26 | 0.26 | 11.54 |
| Diluted earnings per share (RMB/share) | 0.29 | 0.26 | 0.26 | 11.54 |

Note: CRRC Qingdao Sifang Co., Ltd., a wholly-owned subsidiary of the Company, completed the acquisition of 51% equity interest in Qingdao CNR Hitachi Rail Communication Signal Co., Ltd., controlled by CRRC GROUP Co., Ltd., the controlling shareholder of the Company, in December 2018, which constituted a business combination under common control. As such, comparative figures for the same period last year were restated in accordance with the Accounting Standards for Business Enterprises.

Non-recurring profit and loss items and amounts

√ Applicable

□ Not applicable

| | <i>Unit: RMB'000</i> | <i>Currency: RMB</i> |
|--|--|--|
| Item | Amount for the current period (July to September) | Amount from the beginning of the year to the end of the reporting period (January to September) |
| Profit or loss on disposal of non-current assets | -9,024 | -23,917 |
| Government subsidies recognized in current profit or loss excluding those closely related to the Company's normal business operations and granted on an ongoing basis under the national policies with standard amount or quantity | 136,723 | 517,603 |
| Apart from hedging instruments relating to the normal operating business of the Company, gains and losses from change in fair value of held-for-trading financial assets, derivative financial assets, and held- for-trading financial liabilities, derivative financial liabilities and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments | 37,564 | 327,741 |
| Other non-operating income and expenses excluding the items above | 58,740 | 91,647 |
| Other profit or loss items conforming with the definition of non-recurring profit or loss | - | -17,459 |
| Effect on minority interest (after tax) | -9,635 | -92,506 |
| Effect on income tax | -66,947 | -106,330 |
| Total | <u>147,421</u> | <u>696,779</u> |

2.2 Total number of shareholders, particulars of shareholdings of the top ten shareholders and of the top ten shareholders of tradable shares (or shareholders not subject to trading moratorium) as at the end of the reporting period

Unit: Share

Total number of shareholders ^{Note 1} 804,617

Particulars of shareholdings of the top ten shareholders

| Name of shareholder (full name) | Number of shares held as at the end of the period | Percentage (%) | Number of shares held subject to trading moratorium | Pledged or frozen | | |
|---|---|-------------------|---|---------------------------|--------------------|-----------------------------|
| | | | | Nature of shareholders | Status of share | Number |
| CRRC GROUP Co., Ltd. (中國中車集團有限公司) | 14,429,518,023 | 50.28 | 705,052,878 | Nil | — | State-owned legal person |
| HKSCC NOMINEES LIMITED ^{Note 2} | 4,360,103,789 | 15.19 | — | Unknown | — | Foreign legal person |
| China Securities Finance Corporation Limited (中國證券金融股份有限 公司) | 858,958,326 | 2.99 | — | Unknown | — | State-owned legal person |
| China Reform Investment Co., Ltd. (國新投資有限 公司) | 362,293,268 | 1.26 | — | Unknown | — | State-owned legal person |
| Central Huijin Asset Management Ltd. (中央 匯金資產管理有限責任 公司) | 304,502,100 | 1.06 | — | Unknown | — | State-owned legal person |
| Hong Kong Securities Clearing Company Limited (香港中央結算 有限公司) | 257,461,884 | 0.90 | — | Unknown | — | Foreign legal person |
| Shanghai Xinghan Asset – Industrial Bank – China Industrial International Trust Limited (上海興瀚 資產-興業銀行-興業國際 信託有限公司) | 235,017,626 | 0.82 | 235,017,626 | Unknown | — | State-owned legal person |
| Bosera Funds – Agricultural Bank of China – Bosera China Securities and Financial Assets Management Plan (博時 基金—農業銀行—博時 中證金融資產管理計劃) | 234,982,900 | 0.82 | — | Unknown | — | Unknown |

| Name of shareholder (full name) | Number of shares held as at the end of the period | Percentage (%) | Number of shares held subject to trading moratorium | Pledged or frozen | | |
|---|---|-------------------|---|---------------------------|--------------------|---------|
| | | | | Nature of shareholders | Status of share | Number |
| E Fund – Agricultural Bank of China – E Fund China Securities and Financial Assets Management Plan (易方達基金–農業銀行–易方達中證金融資產管理計劃) | 234,982,900 | 0.82 | — | Unknown | — | Unknown |
| Dacheng Fund – Agricultural Bank of China – Dacheng China Securities and Financial Assets Management Plan (大成基金–農業銀行–大成中證金融資產管理計劃) | 234,982,900 | 0.82 | — | Unknown | — | Unknown |
| Harvest Fund – Agricultural Bank of China – Harvest China Securities and Financial Assets Management Plan (嘉實基金–農業銀行–嘉實中證金融資產管理計劃) | 234,982,900 | 0.82 | — | Unknown | — | Unknown |
| GF Fund – Agricultural Bank of China – GF China Securities and Financial Assets Management Plan (廣發基金–農業銀行–廣發中證金融資產管理計劃) | 234,982,900 | 0.82 | — | Unknown | — | Unknown |
| Zhongou Asset – Agricultural Bank of China – Zhongou China Securities and Financial Assets Management Plan (中歐基金–農業銀行–中歐中證金融資產管理計劃) | 234,982,900 | 0.82 | — | Unknown | — | Unknown |
| China AMC – Agricultural Bank of China – China AMC China Securities and Financial Assets Management Plan (華夏基金–農業銀行–華夏中證金融資產管理計劃) | 234,982,900 | 0.82 | — | Unknown | — | Unknown |

| Name of shareholder (full name) | Number of shares held as at the end of the period | Percentage (%) | Number of shares held subject to trading moratorium | Pledged or frozen | | |
|--|---|-------------------|---|---------------------------|--------------------|---------|
| | | | | Nature of shareholders | Status of share | Number |
| Yinhua Fund – Agricultural Bank of China – Yinhua China Securities and Financial Assets Management Plan (銀華 基金–農業銀行–銀華中 證金融資產管理計劃) | 234,982,900 | 0.82 | — | Unknown | — | Unknown |
| China Southern Asset Management – Agricultural Bank of China – China Southern Asset Management China Securities and Financial Assets Management Plan (南方基金–農業銀行–南 方中證金融資產管理計 劃) | 234,982,900 | 0.82 | — | Unknown | — | Unknown |
| ICBCCS Fund – Agricultural Bank of China – ICBCCS China Securities and Financial Assets Management Plan (工銀 瑞信基金–農業銀行–工 銀瑞信中證金融資產管 理計劃) | 234,982,900 | 0.82 | — | Unknown | — | Unknown |

**Particulars of shareholdings of the top ten shareholders
not subject to trading moratorium**

| Name of shareholder | | Number of tradable shares held not subject to trading moratorium | Class and number of shares | |
|---|----------------|---|----------------------------|--------|
| | | | Class | Number |
| CRRC GROUP Co., Ltd. (中國中車集團有限公司) | 13,724,465,145 | Ordinary shares denominated in RMB | 13,724,465,145 | |
| HKSCC NOMINEES LIMITED ^{Note 2} | 4,360,103,789 | Overseas listed foreign invested shares | 4,360,103,789 | |

| Name of shareholder | Number of tradable shares held not subject to trading moratorium | Class and number of shares | |
|---|--|------------------------------------|-------------|
| | | Class | Number |
| China Securities Finance Corporation Limited (中國證券金融股份有限公司) | 858,958,326 | Ordinary shares denominated in RMB | 858,958,326 |
| China Reform Investment Co., Ltd. (國新投資有限公司) | 362,293,268 | Ordinary shares denominated in RMB | 362,293,268 |
| Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司) | 304,502,100 | Ordinary shares denominated in RMB | 304,502,100 |
| Hong Kong Securities Clearing Company Limited (香港中央結算有限公司) | 257,461,884 | Ordinary shares denominated in RMB | 257,461,884 |
| Bosera Funds - Agricultural Bank of China - Bosera China Securities and Financial Assets Management Plan (博時基金-農業銀行-博時中證金融資產管理計劃) | 234,982,900 | Ordinary shares denominated in RMB | 234,982,900 |
| E Fund - Agricultural Bank of China - E Fund China Securities and Financial Assets Management Plan (易方達基金-農業銀行-易方達中證金融資產管理計劃) | 234,982,900 | Ordinary shares denominated in RMB | 234,982,900 |

| Name of shareholder | Number of tradable shares held not subject to trading moratorium | Class and number of shares | |
|---|--|------------------------------------|-------------|
| | | Class | Number |
| Dacheng Fund – Agricultural Bank of China – Dacheng China Securities and Financial Assets Management Plan (大成基金–農業銀行–大成中證金融資產管理計劃) | 234,982,900 | Ordinary shares denominated in RMB | 234,982,900 |
| Harvest Fund – Agricultural Bank of China – Harvest China Securities and Financial Assets Management Plan (嘉實基金–農業銀行–嘉實中證金融資產管理計劃) | 234,982,900 | Ordinary shares denominated in RMB | 234,982,900 |
| GF Fund – Agricultural Bank of China – GF China Securities and Financial Assets Management Plan (廣發基金–農業銀行–廣發中證金融資產管理計劃) | 234,982,900 | Ordinary shares denominated in RMB | 234,982,900 |
| Zhongou Asset – Agricultural Bank of China – Zhongou China Securities and Financial Assets Management Plan (中歐基金–農業銀行–中歐中證金融資產管理計劃) | 234,982,900 | Ordinary shares denominated in RMB | 234,982,900 |

| Name of shareholder | Number of tradable shares held not subject to trading moratorium | Class and number of shares | |
|---|--|------------------------------------|-------------|
| | | Class | Number |
| China AMC – Agricultural Bank of China – China AMC China Securities and Financial Assets Management Plan (華夏基金 – 農業銀行 – 華夏中證金融資產管理計劃) | 234,982,900 | Ordinary shares denominated in RMB | 234,982,900 |
| Yinhua Fund – Agricultural Bank of China – Yinhua China Securities and Financial Assets Management Plan (銀華基金 – 農業銀行 – 銀華中證金融資產管理計劃) | 234,982,900 | Ordinary shares denominated in RMB | 234,982,900 |
| China Southern Asset Management – Agricultural Bank of China – China Southern Asset Management China Securities and Financial Assets Management Plan (南方基金 – 農業銀行 – 南方中證金融資產管理計劃) | 234,982,900 | Ordinary shares denominated in RMB | 234,982,900 |
| ICBCCS Fund – Agricultural Bank of China – ICBCCS China Securities and Financial Assets Management Plan (工銀瑞信基金 – 農業銀行 – 工銀瑞信中證金融資產管理計劃) | 234,982,900 | Ordinary shares denominated in RMB | 234,982,900 |

| Name of shareholder | Number of tradable shares held not subject to trading moratorium | Class | Class and number of shares Number |
|---|--|-------|-----------------------------------|
| Connections or parties acting in concert among the aforesaid shareholders | Nil | | |

Note 1: As at the end of the reporting period, the Company has 801,934 holders of A shares and 2,683 registered holders of H shares.

Note 2: The H shares held by HKSCC NOMINEES LIMITED are held on behalf of a various clients.

Note 3: During the reporting period, CRRC Financial and Securities Investment Co., Ltd., a wholly-owned subsidiary of CRRC Corporation Limited, subscribed for Bosera CSI State-owned Enterprises Innovation Drives Exchange Traded Funds, GF State-owned Enterprises Innovation ETFs and Harvest State-owned Enterprises Innovation Drives ETFs by 100,446,000 A shares of CRRC.

2.3 Total number of holders of preference shares, shareholdings of the top ten holders of preference shares and the top ten holders of preference shares not subject to trading moratorium as at the end of the reporting period

Applicable Not applicable

III. SIGNIFICANT EVENTS

3.1 Particulars of and reasons for material changes in the major financial statement items and financial indicators of the Company

Applicable Not applicable

Note: The current period in the analysis below refers to the period from January to September 2019.

1. Bills receivable decreased by 42.92%, mainly due to the decrease in bills received during the period.
2. Trade receivable increased by 40.60%, mainly due to the increase in sales during the period and centralized delivery of products at the end of the period.
3. Prepayments increased by 30.45%, mainly due to the increase in prepayments paid in accordance with the contract during the period.
4. Inventories increased by 35.56%, mainly due to the increase in make-to-order and stocks during the period.
5. Loans and advances to customers decreased by 90.12%, mainly due to the decrease in loans and advances to customers from the Finance Company owned by the Company during the period.
6. Long-term receivables increased by 57.58%, mainly due to the increase in finance lease of the Financial Leasing Company owned by the Company during the period.
7. Right-of-use assets increased during the period, mainly due to the new items arising from the adoption of new standards for lease during the period.
8. Short-term borrowings increased by 89.00%, mainly due to the increase in short-term borrowings during the period.
9. Employee benefits payable increased by 31.67%, mainly due to the increase in the provision for salary payable during the period.
10. Tax payable decreased by 42.79%, mainly due to the payment of value added tax and income tax during the period.
11. Non-current liabilities due within one year decreased by 68.56%, mainly due to the decrease in debentures payable due within one year at the end of the period.
12. Other current liabilities increased by 198.22%, mainly due to the increase in super short-term financing bills issued.
13. Long-term borrowings increased by 151.07%, mainly due to the increase in long-term borrowings during the period.

14. Bonds payable increased by 31.08%, mainly due to convertible bonds reversed from non-current liabilities due within one year to the item, which redemption option date was expired, during the period.
15. Lease liabilities increased during the period, mainly due to the new items arising from the adoption of new standards for lease during the period.
16. Financial expenses decreased by 61.76%, mainly due to the decrease in interest expenses and exchange loss during the period.
17. Investment income decreased by 77.49%, mainly due to the transfer of equity income during the same period last year.
18. Assets impairment losses increased by 31.91%, mainly due to the increase in provision for the decline in value of inventories during the period.
19. Gains or losses on changes in fair value decreased by 39.72%, mainly due to the decrease in changes in fair value of financial instruments during the period.
20. Gains on disposal of assets decreased by 119.26%, mainly due to the disposal of land use rights during the same period last year.
21. Net cash flow from operating activities was a net outflow of RMB5,535 million, compared with a net outflow of RMB742 million during the same period last year, the increase in net outflow mainly due to the decrease in cash received from sales of goods and provision of services during the reporting period as compared with the same period last year.
22. Net cash flow from investing activities was a net outflow of RMB9,315 million, compared with a net outflow of RMB12,345 million during the same period last year, the decrease in net outflow mainly due to the decrease in cash paid for investment during the reporting period as compared with the same period last year.
23. Net cash flow from financing activities was a net outflow of RMB9,047 million, compared with a net outflow of RMB2,951 million during the same period last year, mainly due to the increase in cash received from borrowings obtained during the reporting period as compared with the same period last year.

Operation income increased by 14.15% as compared with the same period last year, mainly due to the increase in the revenue from railway equipment business. Railway equipment business, urban rail transit vehicle and urban infrastructure business, new industry business and modern service business accounted for 57.28%, 17.69%, 21.19% and 3.84% of the operation income, respectively. Details are as follows:

Unit: RMB'000 Currency: RMB

| Segment business | Operation income | | | |
|---|------------------------|-------------------------------|-------------------|------------------------------|
| | January-September 2019 | For the same period last year | Increase/decrease | Increase/decrease percentage |
| Railway equipment | 88,504,294 | 71,716,662 | 16,787,632 | 23.41% |
| Urban rail transit vehicle and urban infrastructure | 27,339,417 | 20,855,061 | 6,484,356 | 31.09% |
| New industry | 32,740,600 | 31,436,290 | 1,304,310 | 4.15% |
| Modern service | 5,935,549 | 11,358,859 | -5,423,310 | -47.75% |
| Total | 154,519,861 | 135,366,872 | 19,152,989 | 14.15% |

Operation income from railway equipment business increased by 23.41% as compared with the same period last year, mainly due to the increase in revenue from locomotives, freight wagons, MUs and passenger carriage. Among these, revenue from locomotive business was RMB16,183 million, revenue from passenger carriage business was RMB8,693 million, revenue from MUs business was RMB49,407 million, and revenue from freight wagon business was RMB14,221 million.

Operation income from urban rail transit vehicle and urban infrastructure business increased by 31.09% as compared with the same period of the previous year, mainly due to the increase in urban rail transit vehicle products delivered in the current period.

Operation income from new industry business increased by 4.15% as compared with the same period of the previous year, mainly due to the increase in revenue from wind power and other businesses during the current period.

Operation income from modern service business decreased by 47.75% as compared with the same period of the previous year, mainly due to the reduced scale of logistics business during the current period.

From January to September 2019, the Company's newly signed orders amounted to approximately RMB177.0 billion (of which, contracted sales generated by the international businesses amounted to approximately RMB17.1 billion).

3.2 Analysis and explanations of the progress of significant events and their impacts and solutions

√ Applicable

Not applicable

1. On 18 April 2019, the Company issued 2019 First Tranche of 90-day Super Short-term Financing Bills amount of RMB3 billion, which were due and settled on 21 July 2019.
2. On 23 April 2019, the Company issued 2019 Second Tranche of 180-day Super Short-term Financing Bills amount of RMB3 billion, which will be due and settled on 21 October 2019.
3. On 24 April 2019, the Company issued 2019 Third Tranche of 90-day Super Short-term Financing Bills amount of RMB3 billion, which were due and settled on 24 July 2019.
4. On 25 April 2019, the Company issued 2019 Fourth Tranche of 90-day Super Short-term Financing Bills amount of RMB3 billion, which were due and settled on 25 July 2019.
5. The Company issued medium-term notes (14 CNR MTN002) amount of RMB2 billion in 2014, which were due and settled on 18 March 2019.
6. On 26 June 2019, the Company completed the interest payment of priority notes under the asset-backed notes.
7. On 24 July 2019, the Company issued 2019 Fifth Tranche of 61-day Super Short-term Financing Bills amount of RMB3 billion, which were due and settled on 23 September 2019.
8. On 25 July 2019, the Company issued 2019 Sixth Tranche of 120-day Super Short-term Financing Bills amount of RMB3 billion, which will be due and settled on 22 November 2019.
9. On 26 July 2019, the Company issued 2019 Seventh Tranche of 90-day Super Short-term Financing Bills amount of RMB1.5 billion, which will be due and settled on 24 October 2019.
10. On 26 July 2019, the Company issued 2019 Eighth Tranche of 119-day Super Short-term Financing Bills amount of RMB4.5 billion, which will be due and settled on 22 November 2019.

11. On 19 September 2019, the Company issued 2019 Ninth Tranche of 60-day Super Short-term Financing Bills amount of RMB3 billion, which will be due and settled on 18 November 2019.

3.3 Particulars of overdue and outstanding undertakings during the reporting period

Applicable Not applicable

3.4 Warning and explanations as to a loss (if any) expected to be recorded against the accumulated net profits from the beginning of the year to the end of the next reporting period or material changes as compared with the same period of last year

Applicable Not applicable

| | |
|----------------------|---------------------------------|
| Company name | CRRC Corporation Limited |
| Legal representative | Liu Hualong |
| Date | 30 October 2019 |

IV. APPENDIX

4.1 Financial Statements

Consolidated Balance Sheet

30 September 2019

Prepared by: CRRC Corporation Limited

Unit: RMB'000 Currency: RMB Type of Audit: Unaudited

| Item | 30 September 2019 | 31 December 2018 |
|--|------------------------------|-----------------------------|
| Current assets: | | |
| Monetary assets | 42,251,503 | 38,171,008 |
| Placement with banks and other financial institutes | 84,875 | — |
| Financial assets held for trading | 6,370,217 | 7,246,736 |
| Notes receivable | 8,832,910 | 15,475,106 |
| Account receivable | 90,272,197 | 64,205,603 |
| Finance receivable | 5,052,937 | 5,277,641 |
| Prepayments | 11,999,871 | 9,198,553 |
| Other receivables | 3,759,205 | 3,029,887 |
| Including: Interests receivable | 22,140 | 43,817 |
| Dividends receivable | 85,418 | 70,473 |
| Inventories | 74,725,097 | 55,121,500 |
| Contract assets | 17,974,905 | 14,657,889 |
| Held-to-sale assets | 5,666 | 6,354 |
| Non-current assets due within one year | 14,116,236 | 11,646,729 |
| Other current assets | 2,997,766 | 3,475,122 |
| Total current assets | 278,443,385 | 227,512,128 |

| Item | 30 September 2019 | 31 December 2018 |
|------------------------------------|------------------------------|---------------------|
| Non-current assets: | | |
| Loans and advances to customers | 185,920 | 1,880,911 |
| Debt investment | 1,718,832 | 1,622,252 |
| Other debt investments | 50,173 | — |
| Long-term receivables | 12,305,416 | 7,809,013 |
| Long-term equity investments | 14,939,207 | 13,765,792 |
| Other equity investment | 2,126,358 | 2,252,423 |
| Other non-current financial assets | 599,460 | 598,551 |
| Investment properties | 1,069,366 | 1,248,530 |
| Fixed assets | 56,639,896 | 57,390,729 |
| Construction-in-progress | 8,251,479 | 8,098,213 |
| Ownership assets | 983,279 | — |
| Intangible assets | 16,322,176 | 16,650,104 |
| Development expenditure | 312,231 | 286,606 |
| Goodwill | 725,416 | 713,042 |
| Long-term deferred expenses | 208,359 | 223,691 |
| Deferred income tax assets | 3,781,331 | 3,644,579 |
| Other non-current assets | 12,981,252 | 13,826,486 |
| Total non-current assets | 133,200,151 | 130,010,922 |
| Total assets | 411,643,536 | 357,523,050 |

| Item | 30 September 2019 | 31 December 2018 |
|---|------------------------------|-----------------------------|
| Current liabilities: | | |
| Short-term borrowings | 16,318,529 | 8,634,101 |
| Borrowings from the central bank | 210,798 | — |
| Loans from banks and other financial institutions | — | 14,955 |
| Notes payable | 24,302,702 | 21,978,720 |
| Account payable | 125,971,707 | 99,189,987 |
| Accounts collected in advance | 22,607 | 24,337 |
| Customer bank deposits and due to banks and other financial institutions | 2,238,030 | 2,795,282 |
| Payroll payable | 2,693,743 | 2,045,836 |
| Tax payables | 2,019,236 | 3,529,455 |
| Other payables | 10,976,439 | 9,860,396 |
| Including: Interests payable | 58,185 | 223,538 |
| Dividends payable | 333,771 | 378,374 |
| Contract liabilities | 26,150,014 | 22,335,899 |
| Non-current liabilities due within one year | 3,488,523 | 11,096,595 |
| Other non-current liabilities | 18,358,405 | 6,155,925 |
| Total current liabilities | 232,750,733 | 187,661,488 |
| Non-current liabilities: | | |
| Long-term borrowings | 2,209,464 | 880,011 |
| Bonds payable | 4,587,957 | 3,500,000 |
| Lease liabilities | 805,104 | — |
| Long-term payables | 265,764 | 279,178 |
| Long-term employee benefits payable | 3,531,909 | 3,599,049 |
| Estimated liabilities | 5,739,922 | 5,389,261 |
| Deferred revenue | 6,293,721 | 6,193,236 |
| Deferred income tax liabilities | 143,119 | 158,546 |
| Other non-current liabilities | 101,263 | 177,654 |
| Total non-current liabilities | 23,678,223 | 20,176,935 |
| Total liabilities | 256,428,956 | 207,838,423 |

| Item | 30 September 2019 | 31 December 2018 |
|--|------------------------------|---------------------|
| Owners' equity (or shareholders' equity): | | |
| Share capital | 28,698,864 | 28,698,864 |
| Additional Paid-In Capital | 40,614,359 | 40,628,708 |
| Other comprehensive income | (863,367) | (866,748) |
| Special reserves | 49,957 | 49,957 |
| Surplus reserve | 3,279,992 | 3,279,992 |
| Provisions for general risk | 551,265 | 551,265 |
| Undistributed profit | 60,149,488 | 56,115,657 |
| Total shareholders' equity attributable to parent company | 132,480,558 | 128,457,695 |
| Minority interest | 22,734,022 | 21,226,932 |
| Total shareholders' equity | 155,214,580 | 149,684,627 |
| Total liabilities and shareholders' equity | 411,643,536 | 357,523,050 |

Legal Representative:

Liu Hualong

Chief Accounting Officer:

Li Zheng

Head of Accounting

Department:

Wang Jian

Balance Sheet of the Parent Company
30 September 2019

Prepared by: CRRC Corporation Limited

Unit: RMB'000 Currency: RMB Type of Audit: Unaudited

| Item | 30 September 2019 | 31 December 2018 |
|--|------------------------------|---------------------|
| Current assets: | | |
| Monetary funds | 15,257,876 | 8,472,605 |
| Transactional financial assets | – | 61,242 |
| Account receivables | 257,830 | 275,828 |
| Other receivables | 23,814,595 | 23,195,654 |
| Including: Interests receivable | 265,247 | 208,065 |
| Dividends receivable | 168,248 | 2,820,458 |
| Non-current assets due within one year | 910,122 | 880,192 |
| Other current assets | 16,884 | – |
| Total current assets | 40,257,307 | 32,885,521 |
| Non-current assets: | | |
| Long-term receivables | 4,412,011 | 5,701,111 |
| Long-term equity investment | 102,560,240 | 100,154,514 |
| Fixed assets | 19,067 | 25,797 |
| Construction in progress | 45,517 | 40,752 |
| Right-of-use assets | 48,341 | – |
| Intangible assets | 100,632 | 109,148 |
| Other non-current assets | – | 2,430,000 |
| Total non-current assets | 107,185,808 | 108,461,322 |
| Total assets | 147,443,115 | 141,346,843 |

| Item | 30 September 2019 | 31 December 2018 |
|---|----------------------------------|---------------------------|
| Current liabilities: | | |
| Short-term borrowings | 3,238,420 | 4,866,730 |
| Account payables | 229,768 | 231,686 |
| Contract liabilities | — | 42,518 |
| Payroll payable | 20,160 | 56,964 |
| Taxes payable | 2,009 | 10,912 |
| Other payables | 25,783,097 | 23,138,870 |
| Non-current liabilities due within one year | 13,669 | 6,181,896 |
| Other urrent liabilities | 15,077,732 | 3,000,000 |
| Total current liabilities | 44,364,855 | 37,529,576 |
| Non-current liabilities: | | |
| Bonds payable | 4,587,957 | 3,500,000 |
| Lease liabilities | 40,831 | — |
| Long-term payables | 240 | 241 |
| Long-term employee benefits payable | 2,170 | 2,090 |
| Other non-current liabilities | 8,678 | — |
| Total non-current liabilities | 4,639,876 | 3,502,331 |
| Total liabilities | 49,004,731 | 41,031,907 |
| Owners' equity (or shareholders' equity) | | |
| Share capital | 28,698,864 | 28,698,864 |
| Additional Paid-In Capital | 62,804,115 | 62,804,362 |
| Other comprehensive income | 104,098 | (32,989) |
| Surplus reserve | 3,279,992 | 3,279,992 |
| Undistributed profit | 3,551,315 | 5,564,707 |
| Total Shareholders' equity | 98,438,384 | 100,314,936 |
| Total liabilities and shareholders' equity | 147,443,115 | 141,346,843 |
| <i>Legal Representative:</i> | <i>Chief Accounting Officer:</i> | <i>Head of Accounting</i> |
| Liu Hualong | Li Zheng | <i>Department:</i> |
| | | Wang Jian |

Consolidated Income Statement
January to September 2019

Prepared by: CRRC Corporation Limited

| Item | <i>Unit: RMB'000 Currency: RMB</i> | | <i>Type of Audit: Unaudited</i> | |
|---|---|-----------------------------------|---|---|
| | 2019 Q3 (July to September) | 2018 Q3 (July to September) | For the first three quarters of 2019 (January to September) | For the first three quarters of 2018 (January to September) (Restated) |
| 1. Total revenue from operations | 58,372,840 | 49,076,051 | 154,519,861 | 135,366,872 |
| 2. Total costs from operations | 53,978,447 | 46,143,361 | 142,961,992 | 126,508,112 |
| Including: Operating costs | 45,133,505 | 38,139,032 | 119,677,875 | 104,360,157 |
| Tax and surcharges | 441,082 | 364,945 | 1,171,605 | 1,177,448 |
| Selling expenses | 1,989,309 | 1,601,278 | 5,005,391 | 4,114,066 |
| Administration expenses | 3,526,567 | 3,288,659 | 9,517,380 | 9,310,437 |
| Research and development expenses | 2,755,983 | 2,353,399 | 7,144,394 | 6,381,347 |
| Financial expenses | 132,001 | 396,048 | 445,347 | 1,164,657 |
| Add: Other income | 254,179 | 256,578 | 610,386 | 530,502 |
| Investment income (Loss denoted with “-”) | 109,475 | 1,035,628 | 312,983 | 1,390,208 |
| Including: Gains from derecognition of financial assets measured at amortised cost (Loss denoted with “-”) | (3,319) | - | (71,070) | (23,597) |
| Gains from changes in fair value (Loss denoted with “-”) | 25,905 | 103,967 | 194,275 | 322,266 |
| Credit impairment loss (Loss denoted with “-”) | (88,367) | (236,128) | (1,071,083) | (987,602) |
| Impairment loss on assets (Loss denoted with “-”) | 2,263 | 55,388 | (237,633) | (180,151) |
| Gains on disposal of assets (Loss denoted with “-”) | (9,024) | 17,523 | (23,917) | 124,157 |

| Item | 2019 Q3 (July to September) | 2018 Q3 (July to September) | For the first | For the first |
|--|-----------------------------------|-----------------------------------|--|--|
| | | | three quarters of 2019 (January to September) | three quarters of 2018 (January to September) (Restated) |
| 3. Operating profit (Loss denoted with “-”) | 4,688,824 | 4,165,646 | 11,342,880 | 10,058,140 |
| Add: Non-operating income | 146,514 | 142,507 | 367,141 | 481,628 |
| Less: Non-operating expenses | 42,765 | 62,212 | 98,965 | 119,803 |
| 4. Total profit (Total loss denoted with “-”) | 4,792,573 | 4,245,941 | 11,611,056 | 10,419,965 |
| Less: Income tax expenses | 691,709 | 498,771 | 1,945,548 | 1,738,567 |
| 5. Net profit (Net loss denoted with “-”) | 4,100,864 | 3,747,170 | 9,665,508 | 8,681,398 |
| (1) Classification according to operation continuity | | | | |
| 1. Net profit from continuing operation (Net loss denoted with “-”) | 4,100,864 | 3,747,170 | 9,665,508 | 8,681,398 |
| (2) Classification according to ownership | | | | |
| 1. Net profit attributable to shareholders of the parent company (Net loss denoted with “-”) | 3,631,991 | 3,413,011 | 8,412,632 | 7,527,398 |
| 2. Profit and loss attributable to minority interests (Net loss denoted with “-”) | 468,873 | 334,159 | 1,252,876 | 1,154,000 |
| 6. Other comprehensive income after tax, net | (24,121) | 114,717 | (12,510) | (264,576) |
| Other comprehensive income after tax attributable to owners of the parent company, net | (23,428) | 108,036 | (6,360) | (248,242) |
| (1) Other comprehensive income that cannot be subsequently reclassified into profit or loss | (183,677) | (69,355) | (248,699) | (396,669) |
| 1. Items that will not be reclassified to profit or loss | (183,677) | (69,355) | (248,699) | (396,669) |
| (2) Other comprehensive income reclassified to profit and loss in the future | 160,249 | 177,391 | 242,339 | 148,427 |

| Item | 2019 Q3 (July to September) | 2018 Q3 (July to September) | For the first three quarters of 2019 (January to September) | For the first three quarters of 2018 (January to September) (Restated) |
|---|-----------------------------------|-----------------------------------|---|---|
| 1. Other comprehensive income that will be subsequently transferred to profit or loss under equity method | 34,892 | 6,130 | 137,087 | (30,529) |
| 2. Changes in fair value of other debt investments | (17,555) | (2,709) | (8,393) | 2,876 |
| 3. Credit impairment provision for other debt investments | (197) | 27,164 | (186) | (6,598) |
| 4. Exchange difference on translation of financial statements in foreign currency | 143,109 | 146,806 | 113,831 | 182,678 |
| 5. Other comprehensive income after tax attributable to minority shareholders, net | (693) | 6,681 | (6,150) | (16,334) |
| 7. Total consolidated income | 4,076,743 | 3,861,887 | 9,652,998 | 8,416,822 |
| Total consolidated income attributable to equity holders of the parent company | 3,608,563 | 3,521,047 | 8,406,272 | 7,279,156 |
| Total consolidated income attributable to minority shareholders | 468,180 | 340,840 | 1,246,726 | 1,137,666 |
| 8. Earnings per share | | | | |
| (1) Basic earnings per share (RMB/share) | – | – | 0.29 | 0.26 |
| (2) Diluted earnings per share (RMB/share) | – | – | 0.29 | 0.26 |

The business combination under common control has incurred in December 2018. From January to September 2018, the net loss of the merged party was RMB8,544,000.

Legal Representative:
Liu Hualong

Chief Accounting Officer:
Li Zheng

*Head of Accounting
Department:*
Wang Jian

Income Statement of the Parent Company
January to September 2019

Prepared by: CRRC Corporation Limited

| Item | <i>Unit: RMB'000</i> | | <i>Currency: RMB</i> | | <i>Type of Audit: Unaudited</i> | |
|--|-----------------------------------|-----------------------------------|---|---|---------------------------------|--|
| | 2019 Q3 (July to September) | 2018 Q3 (July to September) | For the first three quarters of 2019 (January to September) | For the first three quarters of 2018 (January to September) | | |
| 1. Total revenue | 127,687 | – | 129,309 | 3 | | |
| Less: Operating costs | 122,130 | – | 122,130 | – | | |
| Tax and surcharges | – | 11 | 1,342 | 8,327 | | |
| Selling expenses | 1,900 | 7,137 | 3,759 | 9,791 | | |
| Administration expenses | 86,262 | 68,786 | 180,112 | 157,961 | | |
| Research and development expenses | 63,990 | 70,868 | 112,136 | 95,274 | | |
| Financial expenses | (46,401) | 396,345 | (97,146) | 333,878 | | |
| Add: Other income | – | 2,800 | – | 2,800 | | |
| Investment income (Loss denoted with “-”) | 1,149,397 | (494,304) | 2,326,562 | 610,307 | | |
| Gains from changes in fair value | 26,071 | 61,496 | 151,863 | 321,405 | | |
| 2. Operating profit (Loss denoted with “-”) | 1,075,274 | (973,155) | 2,285,401 | 329,284 | | |
| Add: Non-operating income | 1,630 | (2,476) | 6,037 | 564 | | |
| 3. Total profit (Loss denoted with “-”) | 1,076,904 | (975,631) | 2,291,438 | 329,848 | | |
| Less: Income tax expenses | – | – | – | – | | |
| 4. Net profit (Loss denoted with “-”) | 1,076,904 | (975,631) | 2,291,438 | 329,848 | | |
| (1) Net profit from continuing operation (Net loss denoted with “-”) | 1,076,904 | (975,631) | 2,291,438 | 329,848 | | |

| Item | 2019 Q3 (July to September) | 2018 Q3 (July to September) | For the first three quarters of 2019 (January to September) | For the first three quarters of 2018 (January to September) |
|--|-----------------------------------|-----------------------------------|---|---|
| 5. Other comprehensive income after tax, net | 34,892 | 6,130 | 137,087 | (30,529) |
| (2) Other comprehensive income to be reclassified to profit and loss | 34,892 | 6,130 | 137,087 | (30,529) |
| 1. Other comprehensive income that may be reclassified into profit or loss under equity method | 34,892 | 6,130 | 137,087 | (30,529) |
| 6. Total comprehensive income | 1,111,796 | (969,501) | 2,428,525 | 299,319 |

Legal Representative:
Liu Hualong

Chief Accounting Officer:
Li Zheng

*Head of Accounting
Department:*
Wang Jian

Consolidated Statement of Cash Flows

January to September 2019

Prepared by: CRRC Corporation Limited

| | <i>Unit: RMB'000</i> | <i>Currency: RMB</i> | <i>Type of Audit: Unaudited</i> |
|--|--|----------------------|---|
| Item | | | For the first three quarters of 2018 (January to September) (Restated) |
| | For the first three quarters of 2019 (January to September) | | |
| 1. Cash flow generated from operating activities: | | | |
| Cash from sale of products and provision of services | 149,834,811 | | 159,111,584 |
| Tax rebate received | 1,178,417 | | 1,026,513 |
| Other cash from operating activities | 3,519,075 | | 1,756,067 |
| Cash inflow from operating activities – subtotal | 154,532,303 | | 161,894,164 |
| Cash paid for purchase of products and services | 118,714,588 | | 120,569,615 |
| Net increase in loans and advances to customers | 1,572,345 | | – |
| Net decrease in deposits from banks and other financial institutions | 557,253 | | 1,168,067 |
| Cash paid to and on behalf of employees | 19,767,925 | | 19,582,745 |
| Payments of taxes and surcharges | 9,864,414 | | 10,904,588 |
| Cash paid for other operating activities | 9,590,622 | | 10,411,439 |
| Cash outflow from operating activities – subtotal | 160,067,147 | | 162,636,454 |
| Net cash flow generated from operating activities | (5,534,844) | | (742,290) |
| 2. Cash flow generated from investment activities: | | | |
| Cash from recovery of investments | 31,640,351 | | 35,296,369 |
| Cash from investment income | 596,744 | | 369,285 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 113,573 | | 304,112 |
| Net cash received from disposal of subsidiaries and other business units | – | | 483,543 |
| Cash received from other investment activities | – | | 26,538 |
| Cash inflow from investment activities – subtotal | 32,350,668 | | 36,479,847 |
| Cash paid for acquisition and installation of fixed assets, intangible assets and other long-term assets | 3,778,788 | | 4,979,630 |
| Cash paid for investments | 37,765,875 | | 43,623,726 |
| Net cash paid for acquiring subsidiaries and other operating entities | – | | 171,941 |
| Cash paid for other investment activities | 121,264 | | 50,031 |
| Cash outflow from investment activities – subtotal | 41,665,927 | | 48,825,328 |
| Net cash flow generated from investment activities | (9,315,259) | | (12,345,481) |

| Item | For the first three quarters of 2019 (January to September) | For the first three quarters of 2018 (January to September) (Restated) |
|---|--|---|
| 3. Cash flow generated from financing activities: | | |
| Cash received from investments | 806,011 | 47,189 |
| Including: Cash received by subsidiaries from investment absorption of minority interest | 806,011 | 47,189 |
| Cash received from borrowings | 69,045,072 | 19,806,890 |
| Cash received from issue of debenture | 27,500,000 | 12,000,000 |
| Cash received from other financing activities | 900 | – |
| Cash inflow from financing activities, subtotal | 97,351,983 | 31,854,079 |
| Cash paid for repayment of indebtedness | 82,742,874 | 28,391,550 |
| Cash paid for distribution of dividends, profit or interest | 5,259,265 | 6,204,274 |
| Including: Dividends and profits paid to minority interest by subsidiaries | 399,755 | 620,278 |
| Cash paid for other financing activities | 302,751 | 208,771 |
| Cash outflow from financing activities, subtotal | 88,304,890 | 34,804,595 |
| Net cash flow generated from financing activities | 9,047,093 | (2,950,516) |
| 4. Effects of changes in exchange rates on cash and cash equivalents | 90,237 | 195,655 |
| 5. Net increase in cash and cash equivalents | (5,712,773) | (15,842,632) |
| Add: Balance of cash and cash equivalents at the beginning of the period | 30,290,094 | 47,723,380 |
| 6. Balance of cash and cash equivalents at the end of the period | 24,577,321 | 31,880,748 |

Legal Representative:
Liu Hualong

Chief Accounting Officer:
Li Zheng

*Head of Accounting
Department:*
Wang Jian

Statement of Cash Flows of the Parent Company
January to September 2019

Prepared by: CRRC Corporation Limited

Unit: RMB'000 Currency: RMB Type of Audit: Unaudited

| Item | For the first three quarters of 2019 (January to September) | Amount for the first three quarters of 2018 (January to September) |
|---|--|--|
| 1. Cash flow generated from operating activities: | | |
| Cash from sale of products and provision of services | 74,382 | 61,599 |
| Tax rebate received | 25,286 | 44,027 |
| Other cash from operating activities | 5,476,016 | 950,677 |
| Cash inflow from operating activities – subtotal | 5,575,684 | 1,056,303 |
| Cash paid for purchase of products and services | 86,027 | – |
| Cash paid to and on behalf of employees | 119,626 | 90,066 |
| Payments of taxes and surcharges | 82,071 | 27,137 |
| Cash paid for other operating activities | 4,743,551 | 819,273 |
| Cash outflow from operating activities – subtotal | 5,031,275 | 936,476 |
| Net cash flow generated from operating activities | 544,409 | 119,827 |
| 2. Cash flow generated from investment activities: | | |
| Cash from recovery of investments | 33,822,317 | 45,727,258 |
| Cash from investment income | 3,925,511 | 3,336,111 |
| Net cash received from disposal of subsidiaries and other business units | – | 407,521 |
| Cash inflow from investment activities –subtotal | 37,747,828 | 49,470,890 |
| Cash paid for acquisition and installation of fixed assets, intangible assets and other long-term assets | 10,770 | 7,681 |
| Cash paid for investments | 45,031,634 | 57,440,357 |
| Cash paid for other investment activities | 121,263 | – |
| Cash outflow from investment activities –subtotal | 45,163,667 | 57,448,038 |
| Net cash flow generated from investment activities | (7,415,839) | (7,977,148) |

| Item | For the first three quarters of 2019 (January to September) | Amount for the first three quarters of 2018 (January to September) |
|---|--|--|
| 3. Cash flow generated from financing activities: | | |
| Cash received from borrowings | 49,976,420 | 7,949,830 |
| Cash received from bond issuing | 27,000,000 | 12,000,000 |
| Cash received from other financing activities | 53,910,585 | 21,808,963 |
| Cash inflow from financing activities, subtotal | 130,887,005 | 41,758,793 |
| Cash paid for repayment of indebtedness | 59,624,954 | 18,323,946 |
| Cash paid for distribution of dividends, profit or interest | 4,883,514 | 5,192,270 |
| Cash paid for other financing activities | 62,829,760 | 26,819,801 |
| Cash outflow from financing activities, subtotal | 127,338,228 | 50,336,017 |
| Net cash flow generated from financing activities | 3,548,777 | (8,577,224) |
| 4. Effects of changes in exchange rates on cash and cash equivalents | 5,634 | (411) |
| 5. Net increase in cash and cash equivalents | (3,317,019) | (16,434,956) |
| Add: Balance of cash and cash equivalents at the beginning of the period | 7,470,295 | 17,729,651 |
| 6. Balance of cash and cash equivalents at the end of the period | 4,153,276 | 1,294,695 |

Legal Representative:
Liu Hualong

Chief Accounting Officer:
Li Zheng

*Head of Accounting
Department:*
Wang Jian

4.2 Adjustments to financial statements of the current year at its beginning for the initial application of the new financial instrument standards, new income standards and new lease standards are shown as below

√ Applicable □ Not applicable

Consolidated Balance Sheet

Unit: RMB'000 Currency: RMB

| Item | 31 December 2018 | 1 January 2019 | Adjustments |
|---|-----------------------------|---------------------------|--------------------|
| Current assets: | | | |
| Monetary assets | 38,171,008 | 38,171,008 | — |
| Financial assets held for trading | 7,246,736 | 7,246,736 | — |
| Notes receivable | 15,475,106 | 15,475,106 | — |
| Account receivable | 64,205,603 | 64,205,603 | — |
| Finance receivable | 5,277,641 | 5,277,641 | — |
| Prepayments | 9,198,553 | 9,168,779 | (29,774) |
| Other receivables | 3,029,887 | 3,029,887 | — |
| Including: Interest receivable | 43,817 | 43,817 | — |
| Dividends receivable | 70,473 | 70,473 | — |
| Inventories | 55,121,500 | 55,121,500 | — |
| Contract assets | 14,657,889 | 14,657,889 | — |
| Held-to-sale assets | 6,354 | 6,354 | — |
| Non-current assets due within one year | 11,646,729 | 11,646,729 | — |
| Other current assets | 3,475,122 | 3,475,122 | — |
| Total current assets | 227,512,128 | 227,482,354 | (29,774) |

| Item | 31 December 2018 | 1 January 2019 | Adjustments |
|---------------------------------------|---------------------|-------------------|-------------|
| Non-current assets: | | | |
| Loans and advances to customers | 1,880,911 | 1,880,911 | — |
| Debt investment | 1,622,252 | 1,622,252 | — |
| Long-term receivables | 7,809,013 | 7,809,013 | — |
| Long-term equity investments | 13,765,792 | 13,765,792 | — |
| Other equity investment | 2,252,423 | 2,252,423 | — |
| Other non-current financial assets | 598,551 | 598,551 | — |
| Investment properties | 1,248,530 | 1,248,530 | — |
| Fixed assets | 57,390,729 | 57,224,429 | (166,300) |
| Construction-in-progress | 8,098,213 | 8,098,213 | — |
| Right-of-use assets | - | 779,995 | 779,995 |
| Intangible assets | 16,650,104 | 16,650,104 | — |
| Development expenditure | 286,606 | 286,606 | — |
| Goodwill | 713,042 | 713,042 | — |
| Long-term deferred expenses | 223,691 | 223,691 | — |
| Deferred income tax assets | 3,644,579 | 3,644,579 | — |
| Other non-current assets | 13,826,486 | 13,826,486 | — |
| Total non-current assets | 130,010,922 | 130,624,617 | 613,695 |
| Total assets | 357,523,050 | 358,106,971 | 583,921 |

| Item | 31 December 2018 | 1 January 2019 | Adjustments |
|--|---------------------|--------------------|----------------|
| Current liabilities: | | | |
| Short-term borrowings | 8,634,101 | 8,634,101 | — |
| Loans from banks and other financial institutions | 14,955 | 14,955 | — |
| Notes payable | 21,978,720 | 21,978,720 | — |
| Account payable | 99,189,987 | 99,189,987 | — |
| Accounts collected in advance | 24,337 | 24,337 | — |
| Customer bank deposits and due to banks and other financial institutions | 2,795,282 | 2,795,282 | — |
| Payroll payable | 2,045,836 | 2,045,836 | — |
| Tax payables | 3,529,455 | 3,529,455 | — |
| Other payables | 9,860,396 | 9,860,396 | — |
| Including: Interests payable | 223,538 | 223,538 | — |
| Dividends payable | 378,374 | 378,374 | — |
| Contract liabilities | 22,335,899 | 22,335,899 | — |
| Non-current liabilities due within one year | 11,096,595 | 11,280,011 | 183,416 |
| Other non-current liabilities | 6,155,925 | 6,155,925 | — |
| Total current liabilities | 187,661,488 | 187,844,904 | 183,416 |
| Non-current liabilities: | | | |
| Long-term borrowings | 880,011 | 880,011 | — |
| Bonds payable | 3,500,000 | 3,500,000 | — |
| Lease liabilities | - | 529,943 | 529,943 |
| Long-term payables | 279,178 | 149,740 | (129,438) |
| Long-term employee benefits payable | 3,599,049 | 3,599,049 | — |
| Estimated liabilities | 5,389,261 | 5,389,261 | — |
| Deferred revenue | 6,193,236 | 6,193,236 | — |
| Deferred income tax liabilities | 158,546 | 158,546 | — |
| Other non-current liabilities | 177,654 | 177,654 | — |
| Total non-current liabilities | 20,176,935 | 20,577,440 | 400,505 |
| Total liabilities | 207,838,423 | 208,422,344 | 583,921 |

| Item | 31 December 2018 | 1 January 2019 | Adjustments |
|---|---------------------|-------------------|-------------|
| Owners' equity (or shareholders' equity): | | | |
| Share capital | 28,698,864 | 28,698,864 | — |
| Additional Paid-In Capital | 40,628,708 | 40,628,708 | — |
| Other comprehensive income | (866,748) | (866,748) | — |
| Special reserves | 49,957 | 49,957 | — |
| Surplus reserve | 3,279,992 | 3,279,992 | — |
| Provisions for general risk | 551,265 | 551,265 | — |
| Undistributed profit | 56,115,657 | 56,115,657 | — |
| Total owners' equity attributable to parent company | 128,457,695 | 128,457,695 | — |
| Minority interest | 21,226,932 | 21,226,932 | — |
| Total shareholders' equity | 149,684,627 | 149,684,627 | — |
| Total liabilities and Shareholders' equity | 357,523,050 | 358,106,971 | 583,921 |

Explanation to adjustment of each item:

Applicable Not applicable

Balance Sheet of the Parent Company

Unit: RMB'000 Currency: RMB

| Item | 31 December 2018 | 1 January 2019 | Adjustments |
|---|---------------------|-------------------|-------------|
| Current assets: | | | |
| Monetary funds | 8,472,605 | 8,472,605 | — |
| Transactional financial assets | 61,242 | 61,242 | — |
| Account receivable | 275,828 | 275,828 | — |
| Other receivables | 23,195,654 | 23,195,654 | — |
| Including: Interests receivable | 208,065 | 208,065 | — |
| Dividends receivable | 2,820,458 | 2,820,458 | — |
| Non-current assets due within one year | 880,192 | 880,192 | — |
| Total current assets | 32,885,521 | 32,885,521 | — |
| Non-current assets: | | | |
| Long-term receivables | 5,701,111 | 5,701,111 | — |
| Long-term equity investment | 100,154,514 | 100,154,514 | — |
| Fixed assets | 25,797 | 25,797 | — |
| Construction in progress | 40,752 | 40,752 | — |
| Right-of-use assets | - | - | — |
| Intangible assets | 109,148 | 109,148 | — |
| Other non-current assets | 2,430,000 | 2,430,000 | — |
| Total non-current assets | 108,461,322 | 108,461,322 | — |
| Total assets | 141,346,843 | 141,346,843 | — |

| Item | 31 December 2018 | 1 January 2019 | Adjustments |
|--|---------------------|-------------------|-------------|
| Current liabilities: | | | |
| Short-term borrowings | 4,866,730 | 4,866,730 | — |
| Account payable | 231,686 | 231,686 | — |
| Contract liabilities | 42,518 | 42,518 | — |
| Payroll payable | 56,964 | 56,964 | — |
| Taxes payable | 10,912 | 10,912 | — |
| Other payables | 23,138,870 | 23,138,870 | — |
| Non-current liabilities due within one year | 6,181,896 | 6,181,896 | — |
| Other current liabilities | 3,000,000 | 3,000,000 | — |
| Total current liabilities | 37,529,576 | 37,529,576 | — |
| Non-current liabilities: | | | |
| Bonds payable | 3,500,000 | 3,500,000 | — |
| Lease liabilities | — | — | — |
| Long-term payables | 241 | 241 | — |
| Long-term employee benefits payable | 2,090 | 2,090 | — |
| Total non-current liabilities | 3,502,331 | 3,502,331 | — |
| Total liabilities | 41,031,907 | 41,031,907 | — |

| Item | 31 December 2018 | 1 January 2019 | Adjustments |
|--|---------------------|-------------------|-------------|
| Owners' equity (or shareholders' equity): | | | |
| Share capital | 28,698,864 | 28,698,864 | — |
| Additional Paid-In Capital | 62,804,362 | 62,804,362 | — |
| Other comprehensive income | (32,989) | (32,989) | — |
| Surplus reserve | 3,279,992 | 3,279,992 | — |
| Undistributed profit | 5,564,707 | 5,564,707 | — |
| Total shareholders' equity | 100,314,936 | 100,314,936 | — |
| | | | |
| Total liabilities and Shareholders' equity | 141,346,843 | 141,346,843 | — |

Explanation to adjustment of each item:

Applicable Not applicable

4.3 Description of the retrospective adjustment to the comparable figures for the previous period due to the initial application of the new financial instrument standards and the new lease standard

Applicable Not applicable

The Accounting Standards for Business Enterprises 23 – Transfer of Financial Assets, the Accounting Standards for Business Enterprises 24 – Hedge Accounting, the Accounting Standards for Business Enterprises 37 – Presentation of Financial Instruments and other New Principles for Financial Instruments are not applicable for this time.

Starting from 1 January 2019, the Company has recognized the cumulative effect of initial application of the Accounting Standards for Business Enterprises 21 – Leasing amended by the Ministry of Finance as an adjustment to the opening balance of relevant items in 2019, and comparative information has not been restated.

4.4 Audit Report

Applicable Not applicable